

ADVISOR SYMPOSIUM

ISSUES OF INTEREST TO ADVISORS TODAY



November 5, 2025

Agenda

Time (Eastern)	Presenter	Topic
2:00 – 2:05 pm	Sarah Frances Trampe	Welcome / Opening remarks
2:05 – 2:30 pm	Jeff Chadwick	Trust Planning for Business Owners
2:30 – 2:55 pm	Jeff Chadwick and Allen Hensley	Trust Planning for Business Owners: Case study discussion
2:55 – 3:05 pm	<i>Break</i>	
3:05 – 3:30 pm	Patricia Annino	Filling the Gap between Business & Estate Planning: Essential Questions for Business Owner Clients
3:30 – 3:55 pm	Patricia Annino and Allen Hensley	Filling the Gap between Business & Estate Planning: Case study discussion
3:55 – 4:05 pm	<i>Break</i>	
4:05 – 4:30 pm	Chris Hoyt	Income and Estate Planning for Retirement Assets
4:30 – 4:55 pm	Chris Hoyt and Allen Hensley	Income and Estate Planning for Retirement Assets: Case study discussion
4:55 – 5:00 pm	Sarah Frances Trampe	Closing remarks / Adjourn

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Featured presenters



Patricia Annino, JD, LL.M.
Partner, Rimon, P.C.

A nationally recognized authority on estate planning and taxation, Patricia has more than 30 years of experience serving the diverse needs of families, individuals, and owners of closely held businesses.

Her practice includes all aspects of private client work, including estate planning; will and trust planning; incapacity planning; prenuptial and postnuptial agreements; estate litigation; advising executors, trustees, and beneficiaries; and administration of estates and trusts. A leading voice on estate planning matters, she has been quoted extensively in a wide variety of publications including the *Wall Street Journal*, *Barron's*, *Dallas Morning News*, *Chicago Tribune*, *MarketWatch*, *Investors.com*, and *Women's Business Journal*. Patricia is the author of "Women and Money: A Practical Guide to Estate Planning" and writes a monthly column for *CPA Insider*, a newsletter sent to more than 160,000 CPAs and other wealth managers and advisors.



Jeff Chadwick, JD
Shareholder, Winstead, PC

Jeff focuses his practice on trust and estate planning for business owners, corporate executives, professional athletes, and other high net worth individuals and families. He provides innovative and practical solutions to a wide range of legal matters, including wealth transfer planning, trust and estate administration, business formation and succession, asset protection, charitable giving, and premarital planning. Jeff is Board Certified in Estate Planning and Probate Law by the Texas Board of Legal Specialization. He is a frequent speaker at estate planning seminars around the country and is an active member of many professional organizations. He also serves on the Texas Trust Code Committee, where he monitors trust issues in Texas and drafts

legislation for inclusion in the Texas Trust Code. Before settling in Texas, Jeff began his career in Richmond, Virginia. Jeff has maintained his Virginia law license and regularly counsels clients transitioning from Virginia to Texas, or vice versa, regarding estate planning matters.



Christopher R. Hoyt, JD
Professor, University of Missouri Kansas City School of Law

Chris Hoyt is a Professor of Law at the University of Missouri Kansas City School of Law where he teaches courses in the area of federal income taxation and business organizations. Previously, he was with the law firm of Spencer, Fane, Britt & Browne in Kansas City, Missouri. He received an undergraduate degree in economics from Northwestern University and dual law and accounting degrees from the University of Wisconsin. Professor Hoyt has served as the Chair of the American Bar Association's Committee on Charitable Organizations (Section of Trusts and Estates) and is on the editorial board of *Trusts and Estates* magazine. He is an ACTEC fellow, has been designated by his peers as a "Best Lawyer," and was elected to the Estate Planning Hall of Fame by the National Association of Estate Planners & Councils. He has been quoted in numerous publications, including *The Wall Street Journal*, *Forbes*, *MONEY Magazine*, *The New York Times*, and *The Washington Post*.

New York Life hosts



Allen A. Hensley, CLU[®], ChFC[®], MSFS, AEP[®]
**Advanced Agent Development Officer,
Corporate Vice President, New York Life Insurance Company**

Allen Hensley is the Advanced Agent Development Officer for New York Life where he leads a team working with top financial service professionals and their clients to achieve financial goals and solve

planning issues. He conducts national training events and speaks to groups on estate and business planning issues and strategies. For more than 25 years Allen has worked with New York Life to protect and grow wealth for clients and their families. Allen is an Accredited Estate Planner, with a Master of Science in Financial Services from The American College and a BA from Western Kentucky University. He has earned the Chartered Life Underwriter[®], Chartered Financial Consultant[®] designations and is a Registered Representative of NYLIFE Securities LLC (Member FINRA/SIPC).

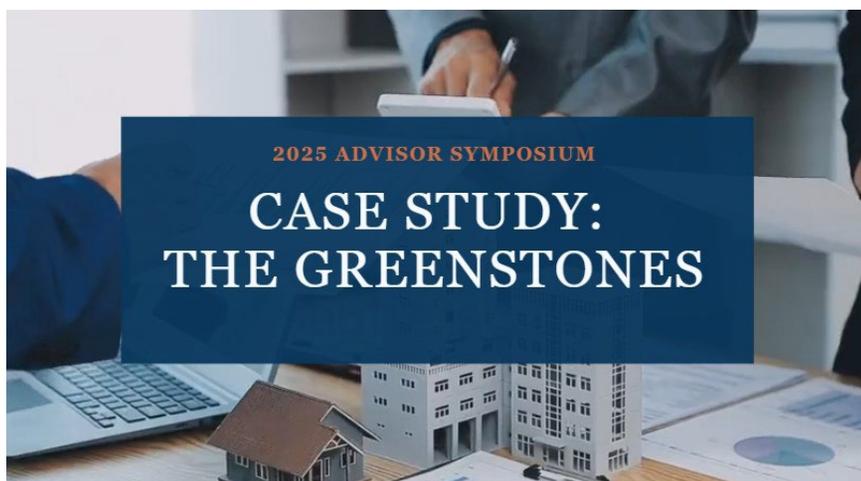


Sarah Francis Trampe, MBA
Corporate Vice President, The Nautilus Group[®]

Sarah Frances joined New York Life in 2010 and leads the Practice Management, Marketing, and Meetings team for The Nautilus Group[®], a service of New York Life Insurance Company. Under her direction, the team drives strategic growth and professional development initiatives for agents and advisors across the organization. The Practice Management program delivers high-impact coaching and consultative support to help agents and advisors succeed at every stage of their careers. With a focus on operational efficiency, strategic business planning, marketing execution, and team development, the program equips professionals with the tools and strategies to build sustainable, scalable, and client-centric practices. She also leads company-wide marketing initiatives and advisor events designed to drive practice growth and foster connections among industry professionals.

Prior to joining New York Life, Sarah Frances held strategic marketing and communications roles with the National Academies of Science and the U.S. Department of Homeland Security. She holds an MBA in marketing management from Johns Hopkins University and a bachelor of science in international trade and finance from Louisiana State University.

Case study: Greenstone Family



[Learn more about the Greenstones in this brief introduction.](#)

Harvey and Wendy Greenstone, a couple in their 60s, have spent decades building successful businesses through hard work and strategy. But as they approach retirement, they face complex challenges in business succession and estate planning that threaten their legacy.

Harvey's challenge with EverGreen Services

Harvey founded EverGreen Services, a landscaping and snow removal business, years ago. Recently, chronic health issues have forced him into semi-retirement, limiting his ability to manage the 45 active accounts. Clients have steadily declined, and with no buyer or succession plan in place, Harvey faces uncertain options. His youngest daughter, Luna, has no interest in taking over, leaving the future of EverGreen in jeopardy.

Wendy's expanding real estate empire

Wendy manages StoneBridge Properties, a flourishing real estate business earning \$250,000 annually from a diverse portfolio. Her eldest daughter, Sierra, works full-time in the business and is a natural successor. However, Luna's lack of involvement raises questions about

equitable inheritance. To complicate matters, Wendy's business partner, Dwight, owns 50% of a key asset, and his reluctance to sell challenges her long-term vision.

Key issues the Greenstones face

- **No succession plan for EverGreen Services** – Harvey needs a clear strategy to wind down or sell the business without losing value.
- **Uneven roles in StoneBridge Properties** – Balancing Sierra's involvement and Luna's detachment is vital to ensure fairness in inheritance.
- **Dependence on critical employees** – Maria, a long-time employee, is essential to StoneBridge's operations. Retention plans are key.
- **Health and estate planning** – Harvey's health concerns and Wendy's family medical history make future healthcare planning urgent.
- **Real estate growth amid challenges** – Wendy must balance growth with the flexibility to handle buyouts or unexpected challenges.

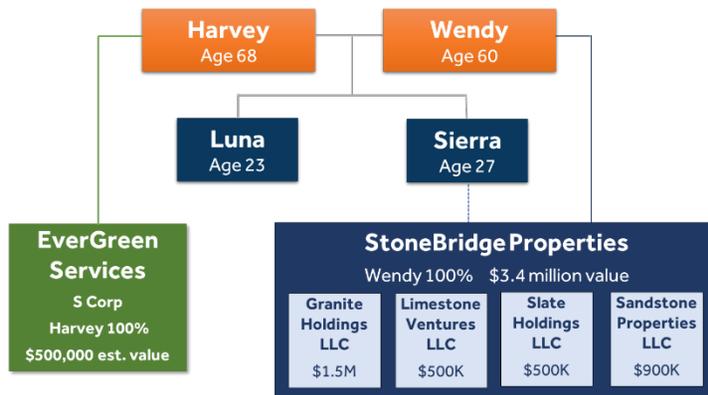
Steps toward securing their legacy

To overcome these challenges and protect their legacy, the Greenstones should focus on the following actions:

- **Develop succession plans** – Create a clear roadmap for transferring or responsibly closing EverGreen.
- **Balance asset distribution** – Use trusts or non-business assets to ensure fair inheritance for both daughters.
- **Retain key employees** – Establish incentives and leadership development strategies to secure invaluable employees like Maria.
- **Plan for healthcare costs** – Build robust financial plans for long-term care expenses.
- **Strategic real estate expansion** – Continue scaling StoneBridge while retaining flexibility to address market or partnership challenges.

Summary of objectives

- Continue growing StoneBridge Properties to provide stable long-term wealth to both daughters.
- Provide efficient succession of both real estate and financial assets.
- Eventually transfer ownership of business to both daughters.
- Ensure fair inheritance without forcing asset sales.
- Protect against long-term health care expenses.
- Wind down or transition Harvey's business with minimal disruption.
- Retain key employee Maria to ensure continued smooth operation of StoneBridge Properties and support the transition of the daughters into leadership roles.
- Plan for the possibility that Sierra cannot manage the business if something happens to Wendy.



Ensuring long-term stability and generational wealth

The Greenstones' circumstances underscore the importance of proactive planning to safeguard business continuity and ensure equitable generational wealth transfer. By addressing succession, inheritance, and operational challenges now, the Greenstones can preserve their life's work and equip their daughters for long-term success. With holistic, protection first strategies and guidance, Harvey and Wendy can tackle these challenges and secure their family's future.

Balance sheet and net worth summary

Asset	Owner	Value	Debt	Net Equity
EverGreen Services	Harvey	\$500,000	\$0	\$500,000
Granite Holdings, LLC	Wendy	\$3,000,000	\$1,500,000	\$1,500,000
Limestone Ventures, LLC	Wendy	\$1,200,000	\$700,000	\$500,000
Slate Holdings, LLC	Wendy	\$800,000	\$300,000	\$500,000
Sandstone Properties, LLC	Wendy	\$900,000	\$0	\$900,000
Home	Joint	\$1,000,000	\$500,000	\$500,000
Inherited IRA	Wendy	\$1,000,000	\$0	\$1,000,000
Wendy's IRA	Wendy	\$500,000	\$0	\$500,000
Harvey's IRA	Harvey	\$500,000	\$0	\$500,000
Non-qualified investments	Joint	\$400,000	\$0	\$400,000
Cash & savings	Joint	\$200,000	\$0	\$200,000
Total Net Worth		\$10,000,000	\$3,000,000	\$7,000,000

StoneBridge Properties portfolio

Granite Holdings, LLC

- 50% interest in 2 shopping cntns
- Valuation: \$3,000,000
- Debt: \$1,500,000

Limestone Ventures, LLC

- Two small office buildings
- Valuation: \$1,200,000
- Debt: \$700,000

Slate Holdings, LLC

- One office building
- Valuation: \$800,000
- Debt: \$300,000

Sandstone Properties LLC

- Two 4-plex residential buildings
- Valuation: \$900,000
- Debt: \$0

Summary of issues and concerns

Tax filing status: Married filing jointly

Marginal tax bracket: 24%

- Lack of succession plan for EverGreen Services and Harvey's declining ability/desire to operate the business.
- Uneven involvement of the daughters in StoneBridge properties.
- No established contingency for Sierra to immediately manage the real estate business.
- Dependence on key employee Maria for continuity of StoneBridge Properties.
- Risk of Maria leaving upon Wendy's death or incapacity.
- Lack of a clear buy-out strategy for the businesses and the 50% partner in Granite Holdings.
- No written transition or training plan for the daughter's role in StoneBridge Properties.
- Lack of estate planning structures to manage and transfer the assets.
- Potential liquidity issues for business debt, buyouts, and equalization of inheritances.
- No distribution strategy for Wendy's inherited IRA.
- Beneficiary and transfer planning for Wendy & Harvey's IRAs.
- Long term health care planning concerns due to Harvey's chronic illness and Wendy's family Alzheimer's history.

The Nautilus Group[®]

The Nautilus Group is an exclusive resource accessible to Member Agents working with affluent, high net worth, and business owner clients. Nautilus provides a range of consultative services and technical case design to support its Member Agents in presenting estate planning, business exit planning, charitable giving, insurance, and retirement planning strategies to their clients and their clients' advisors in these key areas:

- Asset protection.
- Business succession and exit planning.
- Estate and legacy planning.
- Executive benefits.
- Family protection.
- Charitable giving.
- Retirement protection.
- Risk mitigation.
- Tax strategies.
- Wealth building.
- Wealth preservation.

The Nautilus Group is staffed by an elite team of professionals experienced in law, taxation, accounting, business, insurance, finance, and philanthropic planning.



To learn more about the benefits of working with a Nautilus Member Agent, visit www.TheNautilusGroup.com.



TRUST PLANNING FOR BUSINESS OWNERS

Jeff Chadwick, JD

Initial Client Discussion

Three goals -

- Learn more about the client and the client's family.
- Understand the client's assets and liabilities.
- Identify how the client would like assets to pass if taxes did not exist.

Three net worth groups -

- Clients who are unlikely to have a taxable estate.
- Clients who are likely to have a taxable estate.
- Clients who might have a taxable estate.

Common Trust Planning Goals

Order and simplicity -

- Clients want a “plan” to avoid chaos.
- Probate avoidance, incapacity management, asset management, and business succession.
- Must balance simplicity against other objectives.

Privacy and anonymity -

- Personal residences.
- Charitable gifts.

Wealth preservation -

- Asset protection.
- Tax savings.

Flexibility -

- Changes in family or financial circumstances.
- Changes in the law.

Revocable Trusts vs. Irrevocable Trusts

Revocable Trusts -

- Client can change or amend during lifetime.
- Can accomplish many (but not all) common trust planning goals.
- No asset protection.
- No tax savings.
- Primary component of “core” estate plan.

Irrevocable Trusts -

- Client cannot change or amend (with limited exceptions).
- Can accomplish many (but not all) common trust planning goals.
- Potential asset protection.
- Potential tax savings.
- Primary component of wealth shifting strategies.

Revocable Trusts: “Core” Estate Plan

Everyone has an estate plan.

- Without a will, default state law controls passage of probate assets.
- With planning, however, client can control passage of all assets and choose fiduciaries to carry out objectives.

“Core” estate plan:

- “Pour-over” will.
- Revocable trust.
- “Ancillary” documents to address incapacity during lifetime (financial and medical powers of attorney, guardians for minor children, etc.).

Revocable Trusts: Advantages Over “Standalone” Wills

- Standalone will becomes public record at death.
- Pour-over will and revocable trust preserves privacy.
 - Revocable trust is not probated, keeping estate plan private.
 - Avoids public inventory of assets upon death.
 - Exhibits can privatize portions of estate plan.
- Other benefits:
 - Easier to update and change over time.
 - Management tool for lifetime incapacity.
 - Acts as funnel to collect assets at death.
 - Facilitates probate avoidance.
 - Facilitates anonymous ownership of assets.

Revocable Trusts: Avoiding Probate

“Probate” -

- Process of establishing the validity of a will after a person’s death.
- Related probate proceeding.
- A will controls the passage of probate assets.
- If no will, then probate assets pass to “intestate” heirs.

Non-probate assets -

- Assets that pass by beneficiary designation (retirement plans, life insurance, annuities, payable-on-death bank accounts, etc.).
- Assets that pass by right of survivorship (joint tenants with right of survivorship, etc.).
- Assets owned by a trust.

Probate assets -

- Everything else.
- Individually owned real estate, business interests, tangibles, etc.

Revocable Trusts: Privacy Planning

- **Asset classes:**
 - Real estate.
 - Major collections.
 - Cars, boats, planes, etc.
 - Controversial assets.
- **Own asset through revocable trust:**
 - Qualifies for homestead exemption compared to LLC.
 - Select an inconspicuous name.
 - Name a third-party trustee not easily linked to client.
- **Charitable giving.**

Irrevocable Trusts: Asset Protection

Third-party “spendthrift” trusts -

- Client creates irrevocable trust for the benefit of other persons (not himself).
- Spendthrift protection – beneficiary is prohibited from transferring trust assets voluntarily or involuntarily.
- Trust (not beneficiary) owns assets, and creditor cannot obtain charging order to compel distributions.
- Certain exceptions for “super” creditors and fraudulent transfers.

“Self-settled” asset protection trusts -

- Client creates irrevocable trust for the benefit of himself (and potentially other persons).
- Same spendthrift protection – but generally requires independent trustee.
- Originally only available offshore.
- Now “domestic” asset protection trusts available in certain states.
- Some limitations still exist.

Irrevocable Trusts: Federal Transfer Taxes

- **Generally:**
 - Three types – gift, estate, and generation-skipping transfer (GST) tax.
 - Income tax basis adjustment at death.
- **Exemptions:**
 - \$13.99M per person (\$27.98M per married couple); excess subject to 40% tax rate.
 - Gift and estate tax exemptions are unified; GST exemption is separate.
 - Exemptions scheduled to increase to \$15M per person in 2026, indexed for annual inflation.
- **Exclusions:**
 - Legal obligations of support.
 - Direct payments of medical and educational expenses.
 - \$19,000 annual exclusion – per donor/per donee.
- **Deductions:**
 - Unlimited marital deduction – gifts to spouses and marital trusts.
 - Unlimited charitable deduction – gifts to charity and charitable trusts.

Conclusion

- Good trust planning starts with advisor knowledge and client education.
- Different trusts serve different purposes for different clients, and the most basic distinction is revocable vs. irrevocable trusts.
- Clients always prefer simple and efficient, but more advanced strategies often require some level of complexity.
- Familiarity with trust planning is a great value-add for advisors who can recognize opportunities but avoid overplanning.
- Clients (and other advisors) should consult with a qualified attorney when developing or considering a client trust arrangement.



TRUST PLANNING FOR BUSINESS OWNERS: CASE STUDY DISCUSSION

Jeff Chadwick, JD, and
Allen Hensley, CLU[®], ChFC[®], MSFS, AEP[®]

TRUST PLANNING FOR BUSINESS OWNERS: OUTLINE OF CASE STUDY Q&A DISCUSSION

with Jeff Chadwick, JD, and Allen Hensley, CLU®, ChFC®, MSFS, AEP®

You talked about how clients value order, privacy, and flexibility over intricate tax planning. How can trust planning help the Greenstones achieve those objectives?

- Because their net worth is below the federal exemption amount, they do not need gifting and asset shifting strategies. A revocable living trust can provide an orderly transfer with the flexibility to make future changes.
- Benefits of transferring ownership for EverGreen Services and the real estate LLCs to a Revocable Living Trust:
 - Simple to change the ownership without gifting concerns.
 - Provides continuity if Harvey or Wendy are disabled or incapacitated.
 - Avoids probate of the assets at their death.
 - Trustees can provide management oversight as needed for businesses.
- Separate trustees can manage diverse assets.
- Sierra or a corporate trustee can manage the LLCs.
- Another trustee can handle family assets and/or marketable securities.

How would you include asset protection for the daughters?

- Instead of leaving property outright to the daughters it can remain in trust.
- Revocable living trust can create separate trusts for each daughter.
- Even under the estate tax exemption amount, creditor protection (especially for the LLCs with risk exposure and debt loads), divorce-proofing, and multi-generational control still matter.
- Third-party spendthrift trusts may offer additional protection if needed.

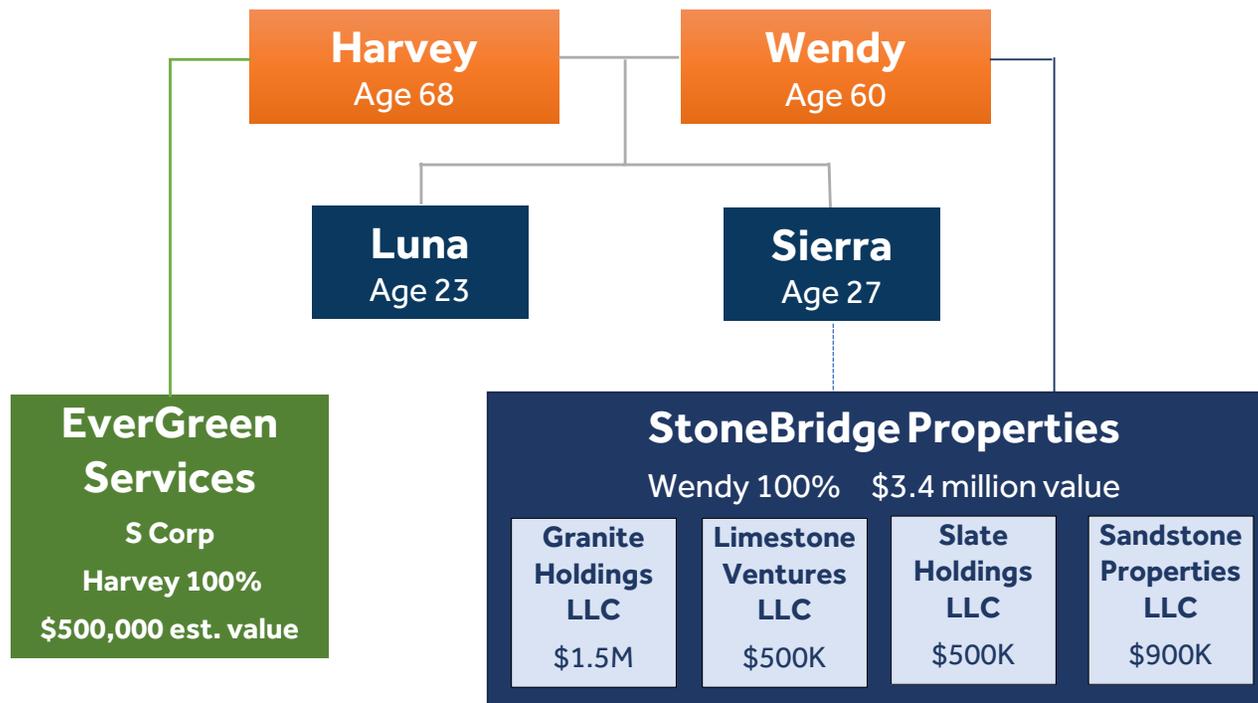
The Greenstones are below the exemption limit, but rapid asset growth or changing legislation could affect their planning. Are there advantages to keeping assets in their estate?

- Need to balance income tax and potential estate tax planning.
- Getting a step-up in basis at the second death for income tax purposes; it may be more beneficial than reducing the estate tax exposure.
 - May want to retain rapidly appreciating assets and real estate.
- Avoiding complexity helps clients understand and implement planning.

If we have key person life insurance on Wendy, does an irrevocable life insurance trust make sense?

- Key person coverage can help to:
 - Fund a buyout of Dwight's interest in Granite.
 - Reduce debt.
 - Avoid selling properties.
 - Equalize the daughter's inheritance.
 - Cash inheritance to Luna, allows real estate equity to stay in StoneBridge without forcing Sierra to liquidate properties.
- Personal ownership -
 - Simple to implement.
 - Currently there is no estate tax exposure.
 - Allows Wendy to change beneficiaries as needed.
- Trust ownership -
 - Provides divorce/creditor protection for the daughters.
 - Requires decision on trustee and successor trustees.
 - Eliminates the 3-year lookback risk if net worth spikes up later.

The Greenstone Family



Balance Sheet & Net Worth Summary

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Cash & savings	Joint	\$200,000	\$0	\$200,000
Total Net Worth		\$10,000,000	\$3,000,000	\$7,000,000

Greenstone Family Objectives

- **Grow Stonebridge Properties.**
 - Wendy plans to retire in 10 years.
 - Reduce \$2.5M debt before retirement.
 - Buy out 50% partner in Granite Holdings properties.
 - Retain Maria for continuity as Sierra takes over.
- **Develop succession plans.**
 - Transfer Stonebridge Properties to one or both daughters.
 - Sell or gradually exit EverGreen Services business.
- **Maximize legacy assets.**
 - Create efficient transfers to daughters.
 - Ensure fair inheritance without forcing asset sales.
- **Minimize income taxes.**
 - Distribution strategy for IRA assets.
- **Plan for healthcare issues or potential incapacity.**

Planning Opportunities

Assign business interests to a revocable trust

- Incapacity management.
- Probate avoidance.

Structuring the core estate plan

- Separate business trustees.
- Creditor and divorce protection for beneficiaries.

Business succession

- Buy-sell provisions.
- Balancing growth of estate vs. income tax basis step-up.

Incorporating life insurance

- Individual vs. trust ownership.



**FILLING THE GAP BETWEEN
BUSINESS & ESTATE PLANNING:
ESSENTIAL QUESTIONS FOR
BUSINESS OWNER CLIENTS**

Patricia M. Annino, JD, LL.M.

BEST PRACTICE:

Planning for the owner of a closely held business involves a microscope, a telescope, and collaboration.

- To effectively plan for the future, the client must look at both the short term and the long term.
- Communication among family members is crucial.
- Communication among family members and advisors also is crucial.
- Many business owners think they have a plan, but they don't have a plan.
- They have engaged in "silo planning."
 - Different parts of the plan have been updated sporadically over the years and may not be connected to the current business needs.
 - Different professionals have handled different parts of the plan, unaware of what other professionals have done.
- Tax planning has been overemphasized more than succession planning or value preservation.

Risks of Piecemeal Planning

Everything the client has worked hard to build is at risk if not integrated.

- **Unprepared successors:** If there is a sudden event to the client or his/her partner will the successors know the steps to take? Do they have the training and education to step in?
- **Family conflict:** Are there provisions in place to avoid disputes among heirs, especially in blended or nontraditional families?
- **Tax pitfalls:** Have liquidity issues been addressed? How are estate taxes to be covered?
- **Unrealistic expectations:** Without communication, stakeholders (family members, employees, or partners) may have unrealistic visions for ownership or operations.

An integrated forward-thinking approach can mitigate or eliminate these risks and safeguard the client's assets, businesses, and family relationships.

The Essential View: Microscope and Telescope

Microscope view for immediate needs.

- **Evaluate business entities:** Is the current structure (S Corp, C Corp, LLC, family limited partnership) optimal for liability protection, cash flow and succession?
- **Life insurance as safeguard:** Use life insurance strategically to create liquidity that can cover estate taxes or buyouts while protecting the value of the business. There will always be a need for life insurance – the need may change so adapt.
- **Ownership documentation:** Ensure that operating agreements, shareholder agreements and leases are up to date and that all new owners are bound by their terms.
- **Clarity on succession plans:** Clearly outline who will manage and own the business – now and in the future, ensuring all stakeholders are on the same page.



The Essential View: Microscope and Telescope

Telescope view for the future vision.

- **Prepare the next generation:** Educate successors about business operations, ownership, and management well in advance of any transition.
- **Wealth preservations:** Consider gifting or other wealth transfer strategies to minimize tax burdens and preserve values.
- **Exit strategies:** Whether a sale or succession is planned, create a timeline with benchmarks to ensure clarity.
- **Business valuation:** Regularly update the valuation of the business as it impacts gifting, estate planning, and potential buyouts.



Collaboration is the Glue

- Collaboration is what holds the plan together. The client's legal team, financial planner, insurance provider, and tax advisor should meet regularly to review and align strategies and goals.
- This ensures consistency and avoids surprises during transitions.
- Open dialogue with family and key advisors is critical. Expectations must be realistic.
- It is critically important that the planning process be continuous, and that collaboration be continuous.
- Life is a movie, not a snapshot and planning should continue through its sequels as the family, business, and advisors change.



12 Essential Questions Advisors Should Ask Their Clients

#1

Are his business entity structures (LLC, S Corp, etc.) optimal for liability protection, tax efficiency and succession?

- Understanding business structure for optimal protection.
- Ensuring all documents are updated and synced.
- Addressing both ownership and management succession.
- Leveraging life insurance for liquidity and transitions.
- Considering family dynamics in planning.
- Documenting business valuation for various purposes.

#2

Are client's corporate and estate planning documents up to date and in sync with each other?

- How do they relate?
- How do they address taxation?
- How do they handle liquidity? There will be many pressing needs for liquidity — what are the sources of funds and hierarchy of purpose?
- Is there conflict between who is in charge of the estate plan and the business?
- Is there a conflict between who is in charge and who will be an owner?

#3

Does client's plan address both ownership and management succession in the event of retirement, incapacity, or death?

- Has the client thought about a transition timeline? When will retirement happen, and the planning for it?
- Is the client undertaking INTENTIONAL financial planning?
- Are those who will succeed in business management being properly educated?
- Are those who will succeed in ownership being properly educated?
- Are existing relationships with vendors and banks being handled so that any sudden event is not disruptive or distracting?

#4

Has client leveraged life insurance to preserve liquidity and ensure a smooth transition?

- Is there key man insurance in place on all stakeholders?
- Has there been an assessment of liquidity needs?
- Has your client considered who will pay any estate taxes and how they will be able to do that?
- Do the documents state that each beneficiary is responsible for paying his/her share of the estate taxes, and if so, do they all know that?

#5

Are there clear provisions for minor children, blended families or nontraditional family dynamics?

- What if there are significant disparities in the wealth of the family and those who will own?
- How should those in second or third marriages plan differently?
- How should minor children who have not yet had the opportunity to prove their value be treated (ownership wise and talent wise)?
- What if there is a child with special needs?
- What is fair and what is equal?
- Is there a way to unlock illiquid assets and create liquidity?

#6

Has the client documented how his business will be valued for gifting, estate, buyout, or divorce purposes?

- Does your client have a current and realistic idea of the value of his company?
- What are his partner's expectations on value?
- What are his spouse's expectations on value?
- If something happened this year, what would be the right course of action?
- What if an unforeseen event happens?
- Who is hiring the appraiser?
- Who are the potential buyers?
- What are realistic buyout terms?

#7

Does client have a strategy for gifting that considers tax implications and incentivizes future owners?

- What does he think should happen if he is no longer here? If the business sold – totally? Partially?
- Who should the family look to for guidance?
- Has there been a discussion with the next generation?
- Planning for a “common wealth” enterprise means looking at planning through the lenses of many generations, not just the one sitting at the table today.
- Who has the burden to unlock liquidity?

#8

Are employment agreements for key employees secure and current — giving them confidence through transitions?

- Once a valuable employee has been there for a long time, that employee will want financial security and will want to know what happens if there is a triggering event.
- If there is an outright sale of the company, what does that do to his compensation?
- How can security be created?

#9

Has client created a clear transition timeline, introducing successors to key partners like banks and vendors?

- In a volatile economic time, it is important to have those in financial relationships with the business comfortable with the management of the enterprise if something happens to a key stakeholder.
- Developing a plan and making key introductions is very important.

#10

Are fiduciary roles clear, with well documented terms to avoid future misunderstandings (including discussion of compensation for the fiduciaries)?

- What are the expectations?
- Should the fiduciaries be a team of different talents?
- What is the succession of fiduciaries?
- How will a fiduciary be compensated? What is the fiduciary's expectation? What is the family's expectation?
- Are there conflicts of interest? If so, is that right?
- Is there coordination between who will be involved with the business and who will be involved with the estate matters?

#11

Do key stakeholders know what should happen THE DAY AFTER?

- It is not fair to those in the family or those in the business if something tragic happens and there has been no communication about roles, responsibilities, and actions.
- Education and communication matters.
- It is difficult enough to lose a loved one – why add unnecessary stress?
- Why expose the family to unnecessary risks or surprises?
- Why expose the business to unnecessary risk or surprises?

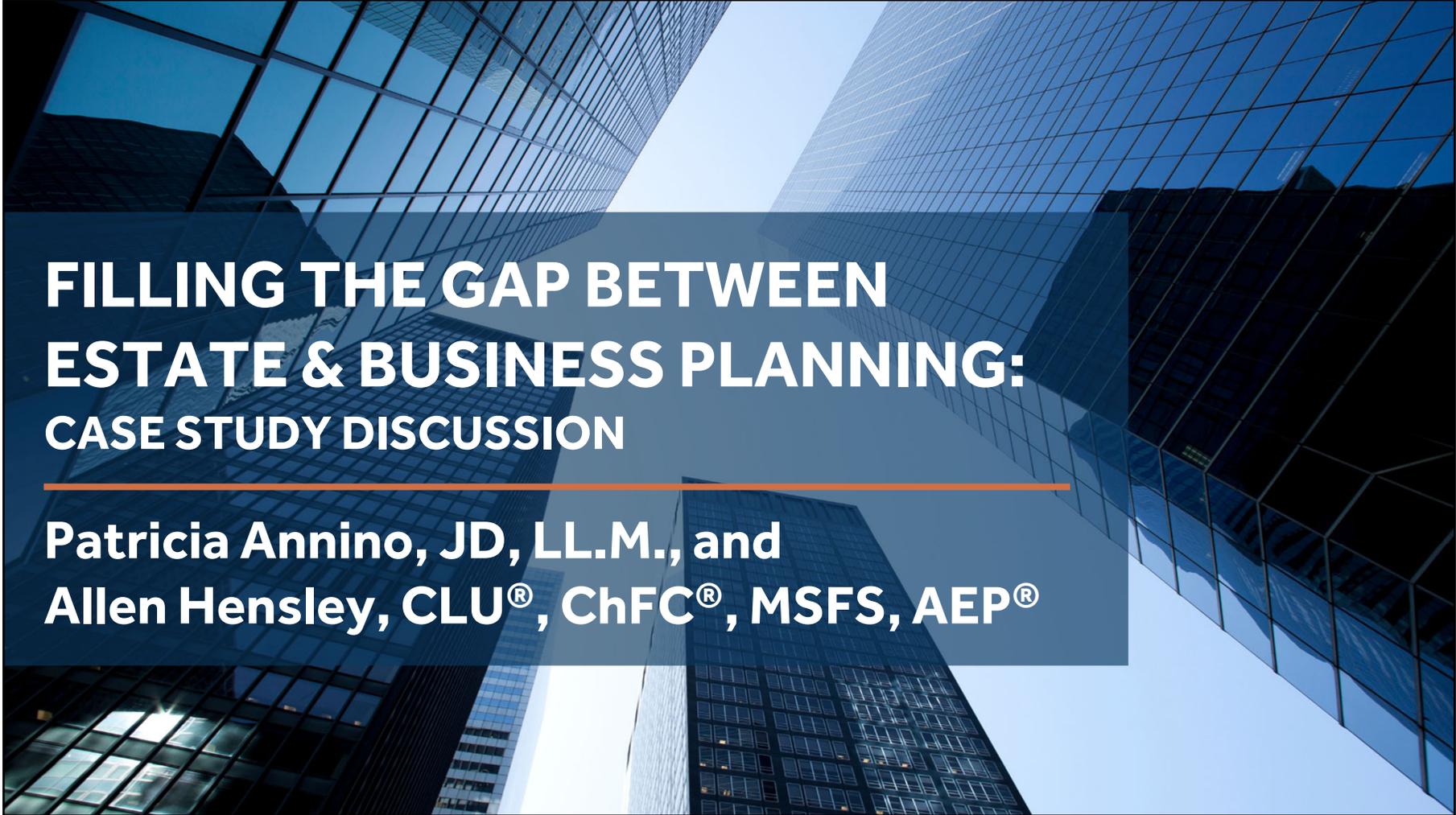
#12

Have client and all his advisors worked collaboratively to align his plan with his goals, AND is the client committed to the PROCESS of planning?

- In the real world, probably not yet.
- Proactive and collaborative planning matters.
- It creates security and stability - for the client, for the family, and for the business.

Critical Questions for the Advisor

- **What is the next step to a more integrated, collaborative plan that mitigates risk?**
- **What can you do to make the client understand the importance of committing to the process of planning?**



FILLING THE GAP BETWEEN ESTATE & BUSINESS PLANNING: CASE STUDY DISCUSSION

**Patricia Annino, JD, LL.M., and
Allen Hensley, CLU[®], ChFC[®], MSFS, AEP[®]**

FILLING THE GAP BETWEEN BUSINESS & ESTATE PLANNING: ESSENTIAL QUESTIONS FOR BUSINESS OWNER CLIENTS

OUTLINE OF CASE STUDY Q&A DISCUSSION

with Patricia Annino, JD, and Allen Hensley, CLU®, ChFC®, MSFS, AEP®

For the Greenstone family, what do you see as the most serious issues that could cause conflict and extra expenses?

- Lack of succession plans for either business and no clear roles defined for the family members.
- The two daughters' involvement and future ownership of the real estate LLCs.
 - If only Sierra works there, then equalizing their inheritances is key.
 - If both daughters work in the business, how are management decisions made and what are their responsibilities?
- Dwight is a 50% partner in two of the biggest real estate assets.
 - Can he be bought out and is there enough capital to do so?
 - What are Dwight's succession plans for the property?
 - Will he work with Sierra when Wendy retires?
- Retaining Maria:
 - Will she stick around without Wendy to help Sierra (or both daughters) learn the business?
- Liquidity needed for equalization of daughter's inheritances, current debt, and retaining Maria when Wendy exits.

What can be done to make sure both daughters are treated fairly?

- Update documents to focus on which assets pass to each daughter.
 - Reviews and updates will be needed, especially in Luna begins working in StoneBridge.
 - Name Sierra as trustee for business interests and Luna as co-trustee for family assets to keep skill sets aligned and minimize conflict disputes.

- Plan for Sierra's continued involvement until or unless Luna joins StoneBridge.
- Create a buy-sell agreement for Sierra to purchase Luna's share of StoneBridge to have control and management.
- Review and update beneficiaries for the IRAs and Inherited IRA to work with the overall estate plan and prevent "silos" that disrupt the plans.

What recommendations to retain the employee Maria do you think are important?

- Communicate written plans for training/integrating Sierra, business succession plans, and Maria's role in the ongoing business.
- Create an agreement with a "Stay Bonus" for Maria to reward her for staying a specified period if Wendy dies prior to retirement.
- Consider an executive bonus arrangement to provide an additional incentive connecting Maria to the business.

We have mentioned the need for equalization for the daughters and a stay bonus for Maria. What liquidity issues can life insurance address for this family?

- A large term policy on Wendy (until her retirement) can provide key person coverage to StoneBridge providing liquidity to:
 - Fund a "stay bonus" for Maria.
 - Reduce the debt for StoneBridge.
 - Allow StoneBridge to buy out Dwight's interests.
 - Prevent the sale of profitable assets from StoneBridge.
- Permanent coverage on Wendy will be important for the following objectives:
 - Equalize the inheritance, especially if Luna is not involved in StoneBridge.
 - Provide cash to Luna which might fund a buyout agreement with Sierra.
 - Reduce any outstanding debt after Wendy's retirement.
 - Cover IRD taxes on the IRAs and provide options to replace charitable giving.
 - Tax advantaged funding vehicle for distributions from Wendy's Inherited IRA.

You said “The glue is collaboration” for advisors working together on client plans. For this case, what areas do advisors need to address together?

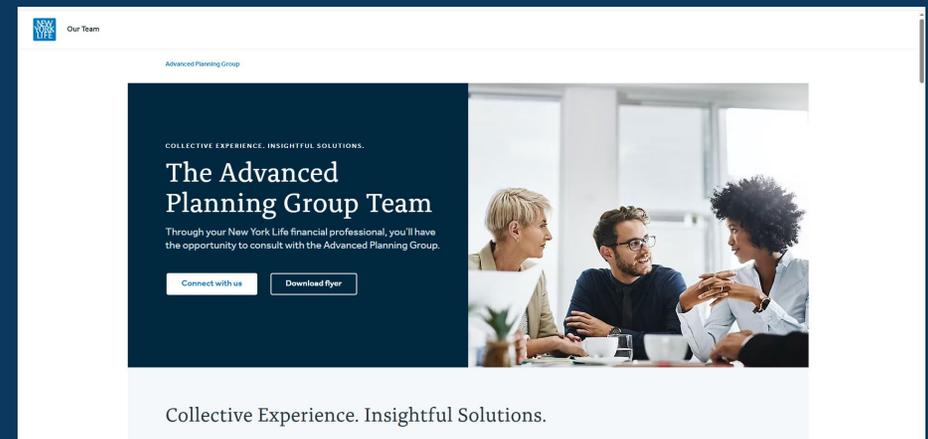
- Harvey’s health may affect the ownership and disposition of his business involving the attorney and insurance professional.
- Managing the income taxes on the Inherited IRA and the proper beneficiary designations will require the CPA and financial advisor.
- Employment agreements and successions plans for StoneBridge will require the CPA, Attorney and insurance or financial advisor.
- Most importantly, the ongoing review and updates will be based on:
 - Disposition of Harvey’s business and his health status.
 - Growth of StoneBridge’s assets and Wendy’s eventual retirement.
 - Involvement of one or both daughters in StoneBridge.
- There are several unknown, but substantial changes and decisions required in the next 10–20 years for these clients.
- Collaboration avoids duplicate and conflicting documents to ensure the Greenstone’s objectives are achieved.

The Advanced Planning Group

New York Life’s Advanced Planning Group is a team of more than 30 professionals with specialized training in law, taxation, accounting, business, insurance, finance, and philanthropic planning. Combined, they have more than 300 years of experience assisting with wealth strategies and business planning objectives in numerous concentrations.

Working with a New York Life financial professional, you have the opportunity to consult with this nationally known group of knowledgeable, experienced professionals trained to assess your clients’ goals and objectives, examine the current planning strategies, and offer well-researched suggestions and solutions to help optimize the client’s financial goals.

Your agent can bring you and your clients together with the APG consultants by phone, face to face, or in a virtual environment from anywhere in the country.



To meet the team at the Advanced Planning Group, visit <https://www.newyorklife.com/advanced-planning-group/our-team>.



INCOME AND ESTATE PLANNING FOR RETIREMENT ASSETS

Christopher Hoyt, JD

What Will Be Covered Today:

- Rules & planning for distributions from retirement accounts:
 - Basic rules: Traditional accounts vs. Roth accounts.
 - Lifetime distributions from your own retirement accounts.
 - Inherited IRAs: Maximum years to liquidate – SECURE & SECURE 2.0 laws.
 - Tax advantages for a surviving spouse.

What Will Be Covered Today:

- Rules & planning for distributions from retirement accounts:
 - **Basic rules: Traditional accounts vs. Roth accounts.**

Traditional Retirement Accounts

- Tax deduction when money is deposited into the account.
- Trust/custodial account is tax-exempt.
 - Compound growth without income taxes.
- Recipient pays income tax only when receives distribution.

Roth Retirement Accounts

- No tax deduction when money is deposited into the account.
- Trust/custodial account is tax exempt.
 - Compound growth without income taxes.
- Distributions of investment income are TAX-FREE if:
 - Received after age 59½, and
 - Received after having had a Roth account for at least 5 years.

What Will Be Covered Today:

- Rules & planning for distributions from retirement accounts:
 - Basic rules: Traditional accounts vs. Roth accounts.
 - **Lifetime distributions from clients' own retirement accounts.**

Distributions Before Age 59½

10% Additional Tax

- Congress intended that these accounts should be used for retirement income.
- Taxable distributions before age 59½ are subject to a 10% additional tax (aka the “10% penalty”).
 - Internal Revenue Code Section 72(t)

**Usual Objective:
Defer paying income taxes to get greater cash flow.**

	Principal	10% Yield
Pre-tax amount	\$100,000	\$10,000
Income tax on distribution (40%)	\$40,000	
Amount left to invest	\$60,000	\$6,000

Required Minimum Distributions (RMDs)

- RMD: Beginning at age 73 (75 in 2033).
 - Despite new age 73, qualified charitable distributions (QCDs) are still available at age 70½.
- There is a 25% penalty if less than the RMD is distributed.
 - Note: Before 2023, the penalty had been a 50% penalty.
 - “SECURE 2.0” reduced the penalty to 25%.
 - And, it is possible to have the penalty be as little as 10%.
 - For example, the taxpayer voluntarily pays 10% before receiving an IRS notice.

RMDs - Lifetime Distributions

There are no lifetime RMDs from the account owner's own Roth account.

- Roth IRA
- Roth 401(k)
- Roth 403(b)

Inherited Roth accounts, by comparison, are subject to an RMD requirement.

Age of Account Owner	Required Payout
73	3.79%
75	4.07%
80	4.95%
85	6.25%
90	8.27%
95	11.24%
100	15.71%

What Will Be Covered Today:

- Rules & planning for distributions from retirement accounts:
 - Basic rules: Traditional accounts vs. Roth accounts.
 - Lifetime distributions from your own retirement accounts.
 - **Inherited IRAs**

What is the RMD in the Year of Death?

- The IRA owner's own RMD for that year, as if still alive.
 - IRC §1.402(c)-2(j)(3)
- If the deceased owner had not withdrawn the entire RMD before the date of death, then the balance must be distributed to the beneficiary of the IRA that year.
- The regulations have a grace period if the full distribution wasn't taken in year of death: the beneficiary can receive the distribution in the next year and avoid the 25% penalty.
 - IRC §54.4974-1(g)(3)

What Will Be Covered Today:

- Rules & planning for distributions from retirement accounts:
 - Basic rules: Traditional accounts vs. Roth accounts.
 - Lifetime distributions from your own retirement accounts.
 - **Inherited IRAs: Maximum years to liquidate.**
The SECURE Act killed the Stretch IRA

Stretch IRA

- “Stretch IRA” means an inherited retirement account (e.g., an IRA), where payments are gradually made over the beneficiary’s life expectancy
- “Life expectancy” (oversimplified): Half of population will die before that age, and half will die after that age.

Stretch IRA

(The law before 2020 as applied using 2025 life expectancy tables.)

Stretch IRA

(The law before 2020 as applied using 2025 life expectancy tables.)

Age of Beneficiary	Life Expectancy
30	
40	
50	
60	
70	
80	

Stretch IRA

(The law before 2020 as applied using 2025 life expectancy tables.)

Age of Beneficiary	Life Expectancy
30	85
40	85
50	86
60	87
70	89
80	91

Stretch IRA

(The law before 2020 as applied using 2025 life expectancy tables.)

Age of Beneficiary		Life Expectancy	
30		85	55.3 more years
40		85	
50		86	
60		87	
70		89	
80		91	

Stretch IRA

(The law before 2020 as applied using 2025 life expectancy tables.)

Age of Beneficiary		Life Expectancy	
30		85	55.3 more years
40		85	
50		86	
60		87	27.1
70		89	
80		91	

Stretch IRA

(The law before 2020 as applied using 2025 life expectancy tables.)

Age of Beneficiary		Life Expectancy	
30		85	55.3 more years
40		85	
50		86	
60		87	27.1
70		89	
80		91	11.2

Stretch IRA – RMDs from an Inherited IRA

(The law before 2020 as applied using 2025 life expectancy tables.)

Age of Beneficiary		Life Expectancy	
30		85	55.3 more years
40		85	
50		86	
60		87	27.1
70		89	
80		91	11.2

Stretch IRA – RMDs from an Inherited IRA

(The law before 2020 as applied using 2025 life expectancy tables.)

Age of Beneficiary		Life Expectancy	
30	1.8%	85	55.3 more years
40		85	
50		86	
60		87	27.1
70		89	
80		91	11.2

Stretch IRA – RMDs from an Inherited IRA

(The law before 2020 as applied using 2025 life expectancy tables.)

Age of Beneficiary		Life Expectancy	
30	1.8%	85	55.3 more years
40		85	
50		86	
60	3.7%	87	27.1
70		89	
80		91	11.2

Stretch IRA – RMDs from an Inherited IRA

(The law before 2020 as applied using 2025 life expectancy tables.)

Age of Beneficiary		Life Expectancy	
30	1.8%	85	55.3 more years
40		85	
50		86	Age 60
60	3.7%	87	27.1
70		89	
80		91	11.2

Stretch IRA – RMDs from an Inherited IRA

(The law before 2020 as applied using 2025 life expectancy tables.)

Age of Beneficiary		Life Expectancy	
30	1.8%	85	55.3 more years
40		85	
50		86	Age 60 1/27.1
60	3.7%	87	27.1
70		89	
80		91	11.2

Stretch IRA – RMDs from an Inherited IRA

(The law before 2020 as applied using 2025 life expectancy tables.)

Age of Beneficiary		Life Expectancy	
30	1.8%	85	55.3 more years
40		85	
50		86	Age 60 $1/27.1 = 3.7\%$
60	3.7%	87	27.1
70		89	
80		91	11.2

Stretch IRA – RMDs from an Inherited IRA

(The law before 2020 as applied using 2025 life expectancy tables.)

Age of Beneficiary		Life Expectancy	
30	1.8%	85	55.3 more years
40		85	
50		86	Age 60 $1/27.1 = 3.7\%$
60	3.7%	87	Age 61
70			Age 62
80		91	11.2

Stretch IRA – RMDs from an Inherited IRA

(The law before 2020 as applied using 2025 life expectancy tables.)

Age of Beneficiary		Life Expectancy	
30	1.8%	85	55.3 more years
40		85	
50		86	Age 60 $1/27.1 = 3.7\%$
60	3.7%	87	27.1 Age 61 $1/26.1$
70			Age 62
80		91	11.2

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80		91	11.2

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70			Age 62 1/25.1 = 4.0%
80		91	11.2

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(The law before 2020 as applied using 2025 life expectancy tables.)

Age of Beneficiary		Life Expectancy	
30	1.8%	85	55.3 more years
40		85	
50		86	Age 60 $1/27.1 = 3.7\%$
60	3.7%	87	27.1 Age 61 $1/26.1 = 3.8\%$
70		89	Age 62 $1/25.1 = 4.0\%$
80		91	Age 87 Empty

Stretch IRA – RMDs from an Inherited IRA

(The law before 2020 as applied using 2025 life expectancy tables.)

Age of Beneficiary		Life Expectancy	
30	1.8%	85	55.3 more years
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70		89	
80	8.9%	91	11.2

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Age of Beneficiary		Life Expectancy	
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50		86	
60	3.7%	87	27.1
70		89	
80	8.9%	91	11.2

Stretch IRA

- “Stretch IRA” means payments from an inherited retirement account (e.g., an IRA) are gradually made over the beneficiary’s life expectancy.
- Until the enactment of the SECURE Act, it was fairly easy for any beneficiary who inherited a retirement account to receive distributions until (at least) the age of 85.
 - Older for beneficiaries who inherited at an older age.
- Beginning in 2020: General rule is a 10-year liquidation.

Stretch IRA – RMDs from an Inherited IRA

(The law before 2020 as applied using 2025 life expectancy tables.)

Age of Beneficiary		Life Expectancy	
30	1.8%	85	55.3 more years
40	2.2%	85	45.7
50	2.8%	86	36.1
60	3.7%	87	27.1
70	5.3%	89	18.7
80	8.9%	91	11.2

Stretch IRA – RMDs from an Inherited IRA

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Beginning in the year 2020, the general rule is that an inherited IRA must be liquidated in just 10 years.

Stretch IRA – RMDs from an Inherited IRA

(The law before 2020 as applied using 2025 life expectancy tables.)

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Beginning in the year 2020, the general rule is that an inherited IRA must be liquidated in just 10 years. For example, if the IRA owner died at age 79, the IRA account for younger beneficiaries must be empty by the end of the 10th year.

Stretch IRA – RMDs from an Inherited IRA

(The law before 2020 as applied using 2025 life expectancy tables.)

Age of Beneficiary		Life Expectancy	
30	1.8%	85	10 years
40	2.2%	85	10 years
50	2.8%	86	10 years
60	3.7%	87	10 years
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40	2.2%	85	10 years	
50	2.8%	86	10 years	
60	3.7%	87	10 years	
70	5.3%	89	18.7	However, an exception applies for beneficiaries who are not more than 10 years younger than the account owner. They can take RMDs over their life expectancy.
80	8.9%	91	11.2	

Stretch IRA – RMDs from an Inherited IRA

(The law before 2020 as applied using 2025 life expectancy tables.)

Age of Beneficiary		Life Expectancy	
30	1.8%	85	10 years
40	2.2%	85	10 years
50	2.8%	86	10 years
60	3.7%	87	10 years
70	5.3%	89	18.7
80	8.9%	91	11.2

Beginning in the year 2020, the general rule is that an inherited IRA must be liquidated in just 10 years.

However, an exception applies for beneficiaries who are not more than 10 years younger than the account owner. They can take RMDs over their life expectancy.

Stretch IRA – RMDs from an Inherited IRA

(The law before 2020 as applied using 2025 life expectancy tables.)

Age of Beneficiary		Life Expectancy		
30	1.8%	85	10 years	Beginning in the year 2020, the general rule is that an inherited IRA must be liquidated in just 10 years. Even though the account must be empty in 10 years, the 2024 final regs <i>generally</i> require RMDs in each of the 9 years after death.
40	2.2%	85	10 years	
50	2.8%	86	10 years	
60	3.7%	87	10 years	
70	5.3%	89	18.7	However, an exception applies for beneficiaries who are not more than 10 years younger than the account owner. They can take RMDs over their life expectancy.
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70	5.3%	89	18.7	However, an exception applies for beneficiaries who are not more than 10 years younger than the account owner. They can take RMDs over their life expectancy.
80	8.9%	91	11.2	

Why Do People Want a Long Stretch?

- When administering a decedent's estate, isn't the usual objective to close the estate within a year of death and have everything distributed to the heirs and the beneficiaries?

Distributions from Inherited Retirement Accounts are Taxable Income – “Income In Respect of A Decedent”

- No stepped-up basis for retirement assets.
- Distributions from inherited retirement accounts are usually taxable income to the beneficiaries.
 - IRC §691

**Usual Objective:
Defer paying income taxes to get greater cash flow.**

	Principal	10% Yield
Pre-tax amount	\$100,000	\$10,000
Income tax on distribution (40%)	\$40,000	
Amount left to invest	\$60,000	\$6,000

Liquidate Inherited IRAs in 10 Years

- SECURE Act - Effective dates:
 - Rules apply for decedents dying after December 31, 2019.
 - For decedents who died before 2020, beneficiaries can continue to receive payments over remaining life expectancy.
- However, upon the death of that beneficiary, the 10-year clock starts ticking.
- Example: A 60-year-old beneficiary inherited an IRA in 2019 when he had a life expectancy of 27 years (to age 87).
 - He dies two years later at age 62.
 - The inherited IRA must be empty in the 10th year after death, rather than the year that the individual would have been age 87.

Retirement Plans Subject to the Law

IRC Section 401(a)

Employer pension, profit sharing, and stock bonus plans (including 401(k))

IRC Section 408

IRAs

IRC Section 403(b)

School and charity employers

IRC Section 457(b) plans

Government and tax-exempt employers

Required Minimum Distributions - Definitions

Required beginning date:

April 1 in the year
after attaining
age 73.



Distributions After Death (For decedents who die in 2020 and later.)

Maximum time period to empty account: 10 years.

2024 Final Regulations:

- Death *before* "required beginning date?" (before age 73)
 - No required distributions in the first 9 years. The account needs to be empty by December 31 of the 10th year after the year of the decedent' death, or else there is a 25% penalty on the balance.
- Death *after* "required beginning date?" (after age 73)
 - The regulations require the beneficiary to receive minimum distributions every year in years 1 through 9, and the account must be empty at the end of the 10th year.
- **Failure to receive that year's RMD triggers a 25% excise tax on the shortfall.**

Distributions After Death (For decedents who die in 2020 and later.)

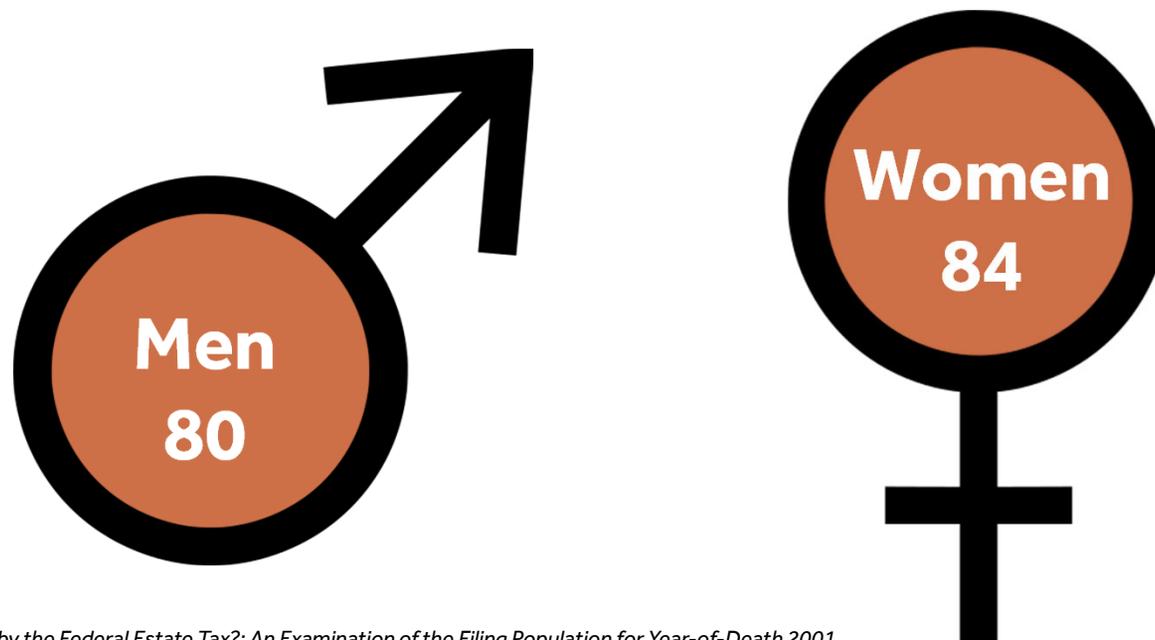
April 2024: IRS announces it will NOT apply the 50% / 25% penalties to RMDs in years 2021-24 for accounts of individuals who died after 2019. (IRS Notice 2024-35 April 16, 2024).

- Exemption only applies to **non**-eligible designated beneficiaries.
- Eligible designated beneficiaries (EDBs) **are** required to receive RMDs in 2021, 2022, 2023 & 2024.

2024 Final Regulations:

- Death **before** "required beginning date?" (before age 73)
 - No required distributions in the first 9 years. The account needs to be empty by December 31 of the 10th year after the year of the decedent' death, or else there is a 25% penalty on the balance.
- Death **after** "required beginning date?" (after age 73)
 - The regulations require the beneficiary to receive minimum distributions every year in years 1 through 9, and the account must be empty at the end of the 10th year.
- **Failure to receive that year's RMD triggers a 25% excise tax on the shortfall.**

Age at Death – Median Age Based on Federal Estate Tax Returns

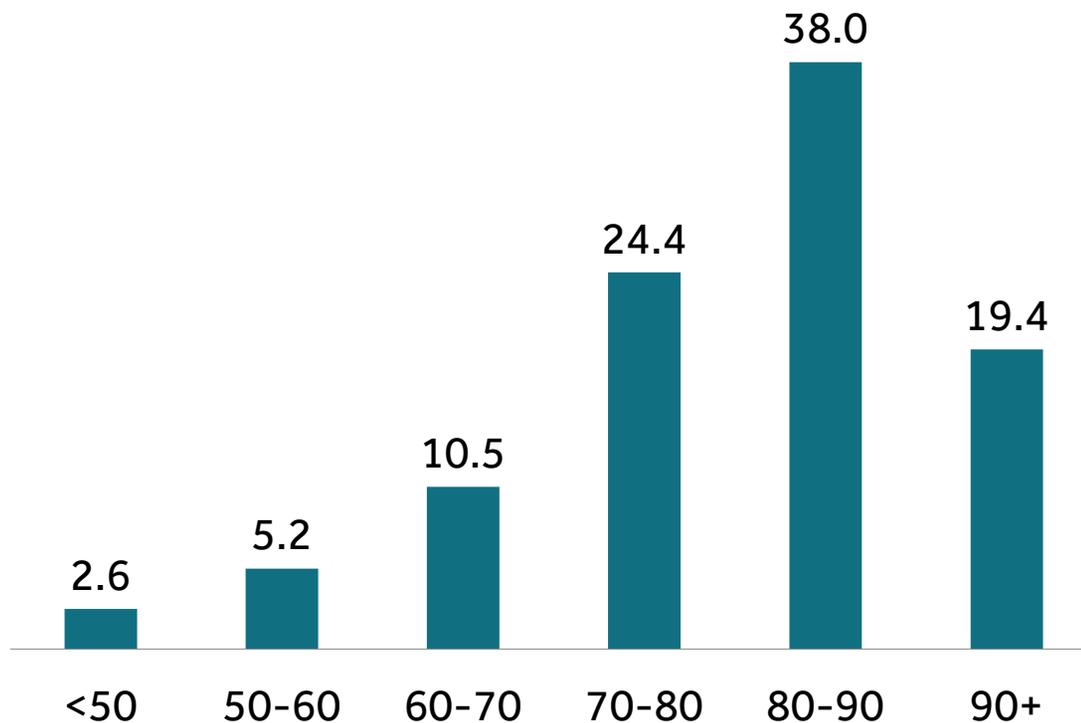


Which Estates Are Affected by the Federal Estate Tax?: An Examination of the Filing Population for Year-of-Death 2001
by Martha Britton Eller. *IRS Statistics of Income Bulletin* | Summer 2005 <http://www.irs.gov/pub/irs-soi/01esyod.pdf>

Age at Death - Percentage of Federal Estate Tax Returns

Most affluent taxpayers die after the RBD.

Most large inherited accounts will, therefore, be subject to annual RMDs.



Which Estates Are Affected by the Federal Estate Tax?: An Examination of the Filing Population for Year-of-Death 2001
by Martha Britton Eller. *IRS Statistics of Income Bulletin* | Summer 2005 <http://www.irs.gov/pub/irs-soi/01esyod.pdf>

Mandatory Distributions

Inherited Roth IRAs

Designated beneficiary is not an EDB?

- There are no RMDs in years 1 through 9.
 - It doesn't matter at what age the decedent died.
- The only requirement is that the inherited Roth IRA must be empty on December 31 of the 10th year.
 - Logic: Roth IRAs have no required lifetime distributions. So, there is no RBD.
 - Therefore, all deaths are before a required beginning date. (Reg §1.408-8(b)(ii).)

Beneficiary is an EDB? (spouse; someone not more than 10 years younger, etc.)

- EDB can take distributions over more than 10 years.
- Then there are RMDs every year, beginning in the year after death.

Distributions After Death (For decedents who die in 2020 and later.)

- **Maximum time period to empty account:**
 - **Ten years,**
- or*
- **Remaining life expectancy of an “eligible designated beneficiary” (EDB).**
 - *RMD every year.*
 - **EDBs can be:**
 - Surviving spouse.
 - Minor child of the decedent.
 - Disabled individual.
 - Chronically ill person.
 - Beneficiary within 10 years of age of decedent.

Liquidate Inherited IRAs in Ten Years

EXCEPTION: "*Eligible* Designated Beneficiary"

- Surviving spouse.
 - Minor child of the decedent.
 - Disabled individual.
 - Chronically ill person.
 - Beneficiary within 10 years of age of decedent.
- An *eligible* designated beneficiary may take distributions over her/his life expectancy.
 - When minor child attains majority, 10-year clock starts.
 - When an EDB dies, 10-year clock starts for successor.

What Will Be Covered Today:

- Rules & planning for distributions from retirement accounts:
 - Basic rules: Traditional accounts vs. Roth accounts.
 - Lifetime distributions from your own retirement accounts.
 - Inherited IRAs: Maximum years to liquidate – SECURE & SECURE 2.0 laws.
 - **Tax advantages for a surviving spouse.**

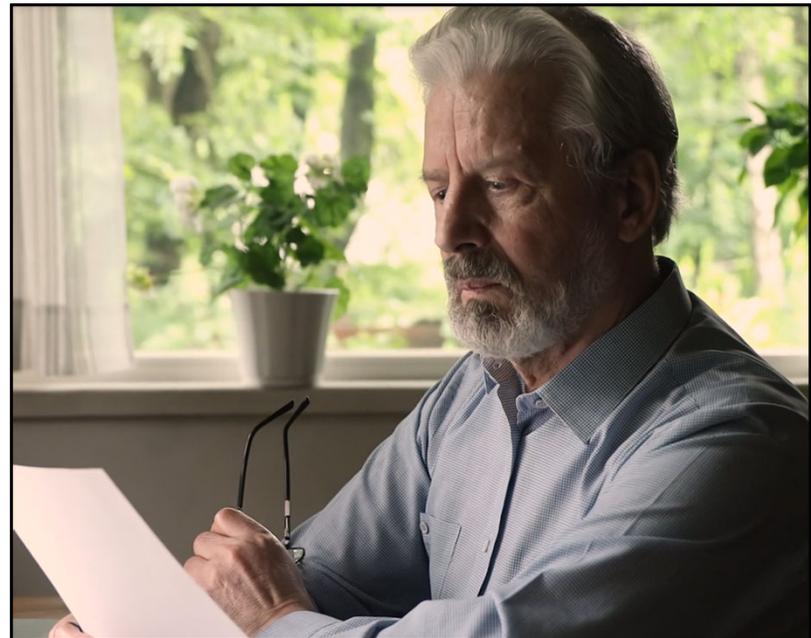
Married Couples: Retirement Assets

Surviving spouse has an option that no other beneficiary has:

- A **rollover** of deceased spouse's retirement assets to her or his own new IRA.
- (Creditor protection, too!)

Other beneficiaries cannot do a rollover.

- Main option: Liquidate over 10 years.



Leave \$ in Deceased Spouse's Account?

- Generally, a rollover produces greater income tax deferral than leaving assets in the decedent's account.
- One situation when it may be advisable to leave some assets in the decedent's account (at least for a while).
 - Surviving spouse is under age 59½.

Leave \$ in Decedent's Account?

Required distributions if surviving spouse is sole beneficiary:

- Spouse is an EDB – more than ten-year payout.
- Spouse can recalculate life expectancy.
- IRAs only: Spouse can elect to treat IRA as his/her own.
- Deceased spouse died before age 73?
 - No required distribution to the surviving spouse until year the deceased spouse would have been age 73.
- NEW: Surviving spouse may elect to be treated as the deceased spouse for purposes of the RMD rules. (2024)
 - Smaller RMDs based on uniform lifetime table rather than just over a remaining single life expectancy.

Stretch IRA – RMDs from an Inherited IRA (The law before 2020 as applied using 2025 life expectancy tables.)

Age of Beneficiary		Life Expectancy	
30	1.8%	85	55.3 more years
40		85	
50		86	
60	3.7%	87	27.1
70		89	
80	8.9%	91	11.2

RMDs - Lifetime Distributions

The surviving spouse can leave assets in the deceased spouse's IRA, and the RMDs are the same lower amounts as if the assets had been rolled over to the surviving spouse's own IRA.

Age of Account Owner	Required Payout
73	3.79%
75	4.07%
80	4.95%
85	6.25%
90	8.27%
95	11.24%
100	15.71%



INCOME AND ESTATE PLANNING FOR RETIREMENT ASSETS: CASE STUDY DISCUSSION

**Christopher Hoyt, JD, and
Allen Hensley, CLU[®], ChFC[®], MSFS, AEP[®]**

INCOME AND ESTATE PLANNING FOR RETIREMENT ASSETS

OUTLINE OF CASE STUDY Q&A DISCUSSION

with Christopher Hoyt, JD, and Allen Hensley, CLU®, ChFC®, MSFS, AEP®

Wendy needs a distribution strategy for her father's IRA. How can she maximize the value of the distributions?

- Wendy must empty her father's \$1M IRA within 10 years and has RMDs, since her father died over age 73.
- Opportunity to "fill up" their 24% tax bracket each year.
- May take larger distributions to help achieve other goals.
 - Pay down debt for StoneBridge or help purchase additional properties.
 - Help to buy out Dwight's ownership of Granite properties.
 - Implement a 401(k) to offset some of the additional IRA income.
- Wendy will receive a deduction for matching contributions and may decide to increase the employee's salary to help them contribute.
- Retention tool for Maria.
- Asset shifting to Sierra (and Luna if she joins StoneBridge).
- Use IRA distributions to fund life insurance needed for equalization and buy outs.

What should the Greenstone's consider for the beneficiaries of their IRAs?

- Rather than name their spouse, they can leave each IRA to their children
 - The children inherit two IRAs at different times so they can take distributions over a longer period of time.
 - If left to spouse, each child would receive one large IRA with a 10-year distribution window.

- When they have grandchildren, they could possibly be included as beneficiaries to spread the IRA distributions over more income tax returns.

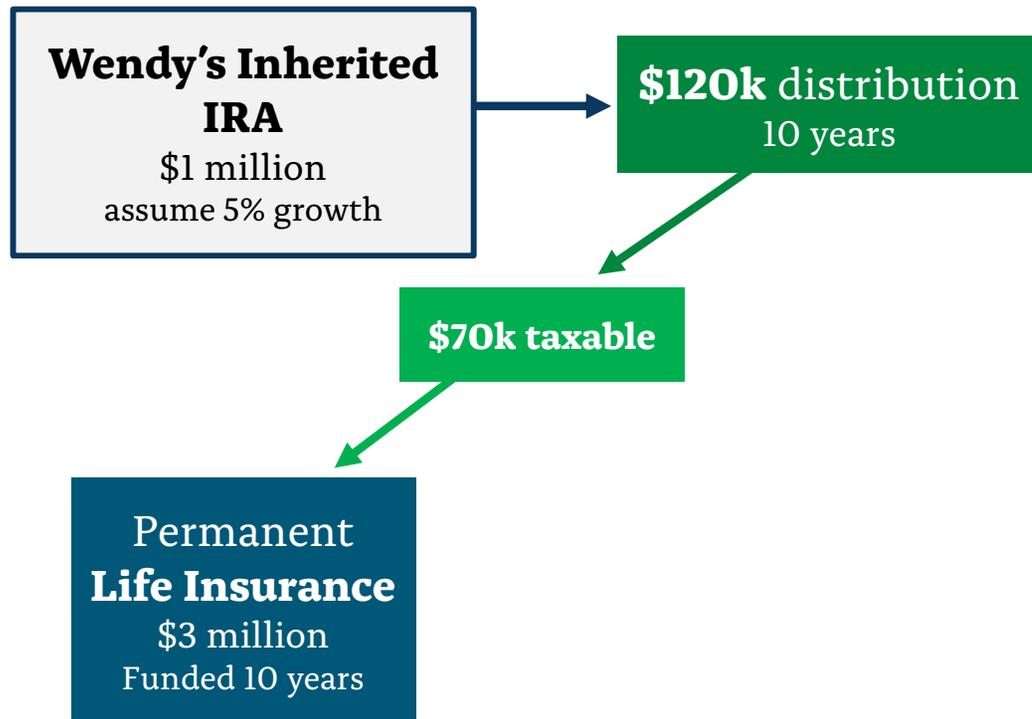
What should they consider for their own IRA distributions?

- The Greenstones may be in their peak earning years now but may be in a lower bracket once retired.
- After retirement, they may start doing Roth Conversions to help reduce their future RMDs and allow the daughters to receive tax-free income.
- Daughter can wait until the 10th year to pull income for an inherited Roth IRA.
- Using Qualified Charitable Distributions after age 70½ will zero out the ordinary income.
 - Can benefit a charity and use other assets for family.
 - Life insurance can be used for wealth replacement of distributions to charity.

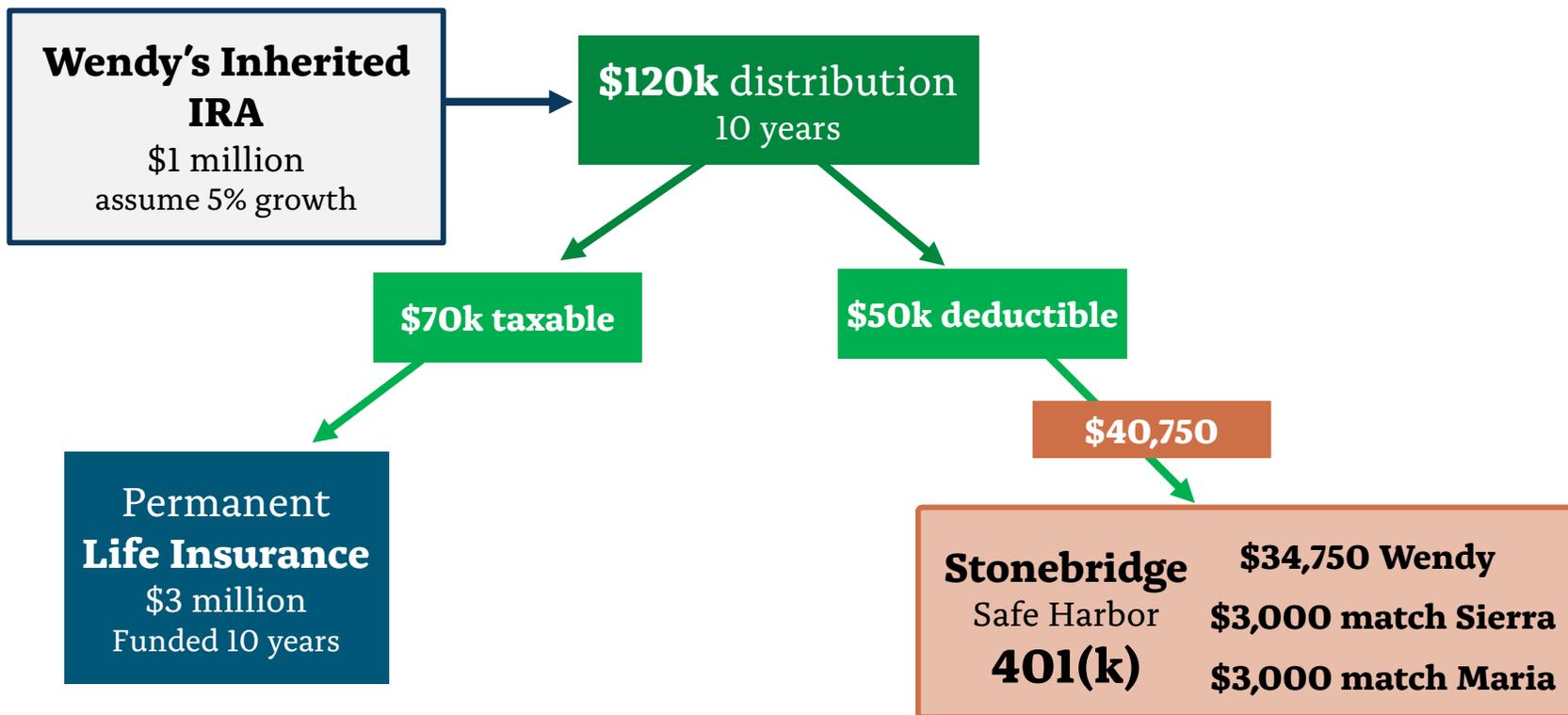
Do you see ways to help the Greenstone's achieve more of their objectives by planning for their IRA and Inherited IRA assets?

- Waiting to take just RMDs or only taking the minimum amount, may not leverage the current marginal tax brackets.
- Especially for those in the 24% bracket like the Greenstones, filling up the bracket may be most advantageous.
- Planning the inherited IRA distributions can help to capture opportunities for StoneBridge such as:
 - Retaining Maria with a higher salary and 401(k) plan.
 - Purchasing additional real estate.
 - Accelerating debt payments for StoneBridge.
- Taking current distributions at favorable tax rates and putting into life insurance provides future tax advantages.

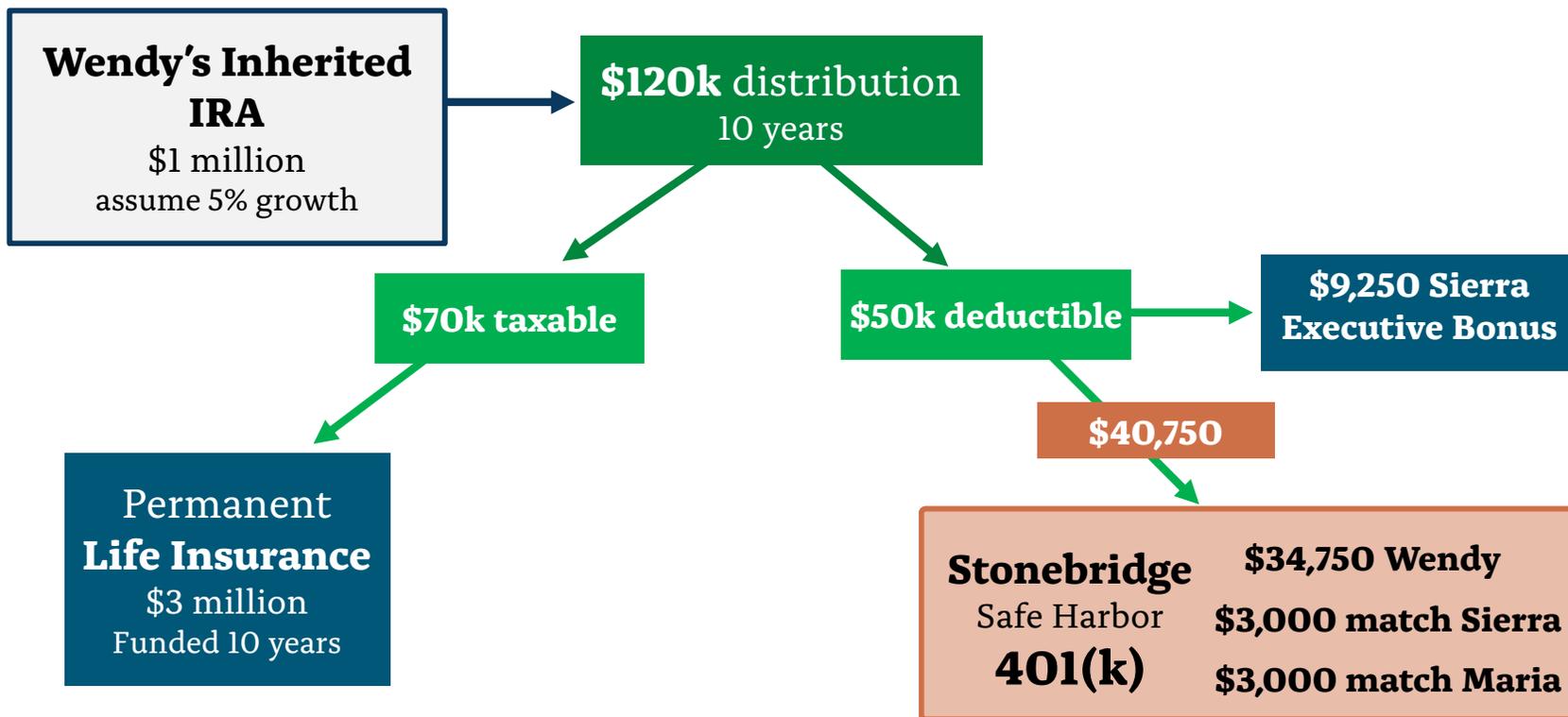
Planning ideas for the Greenstones



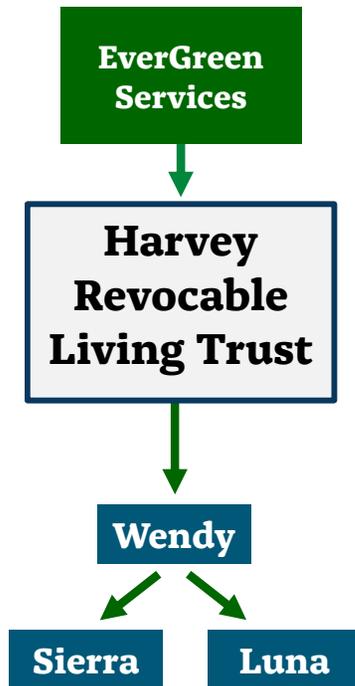
Planning ideas for the Greenstones



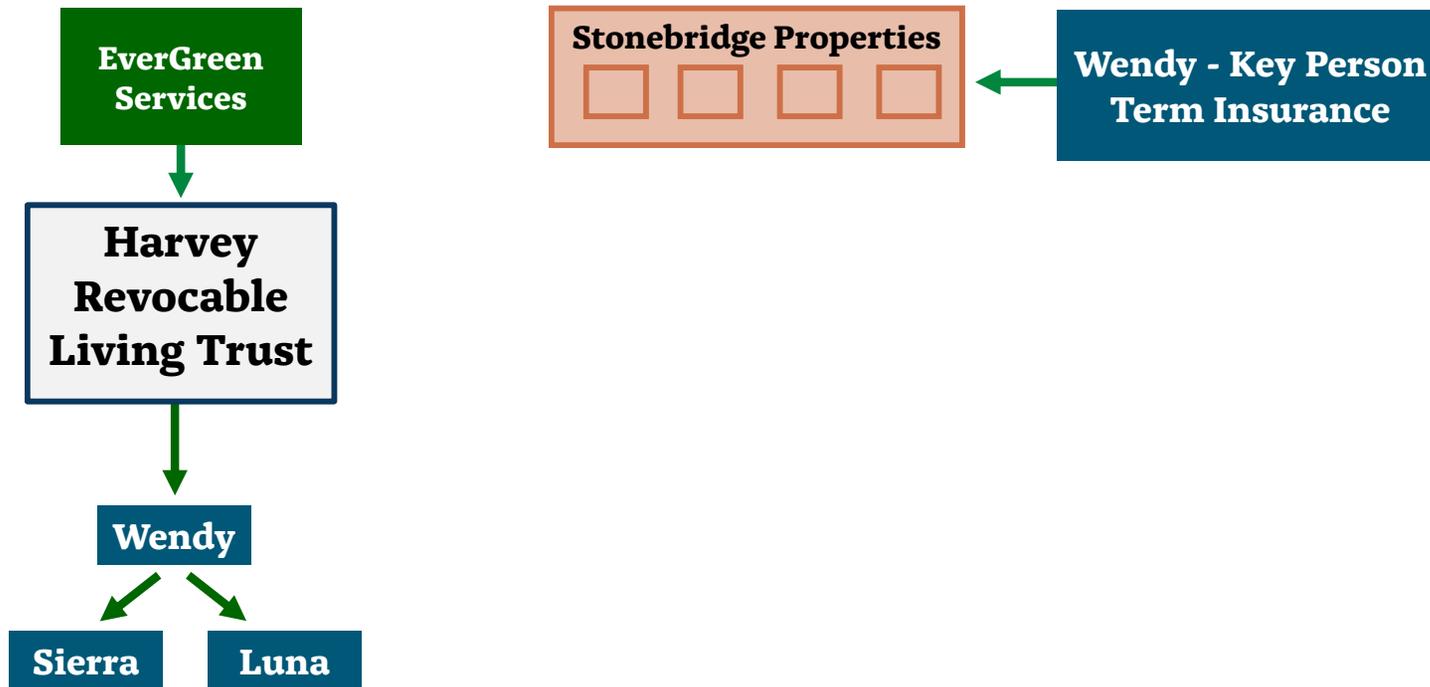
Planning ideas for the Greenstones



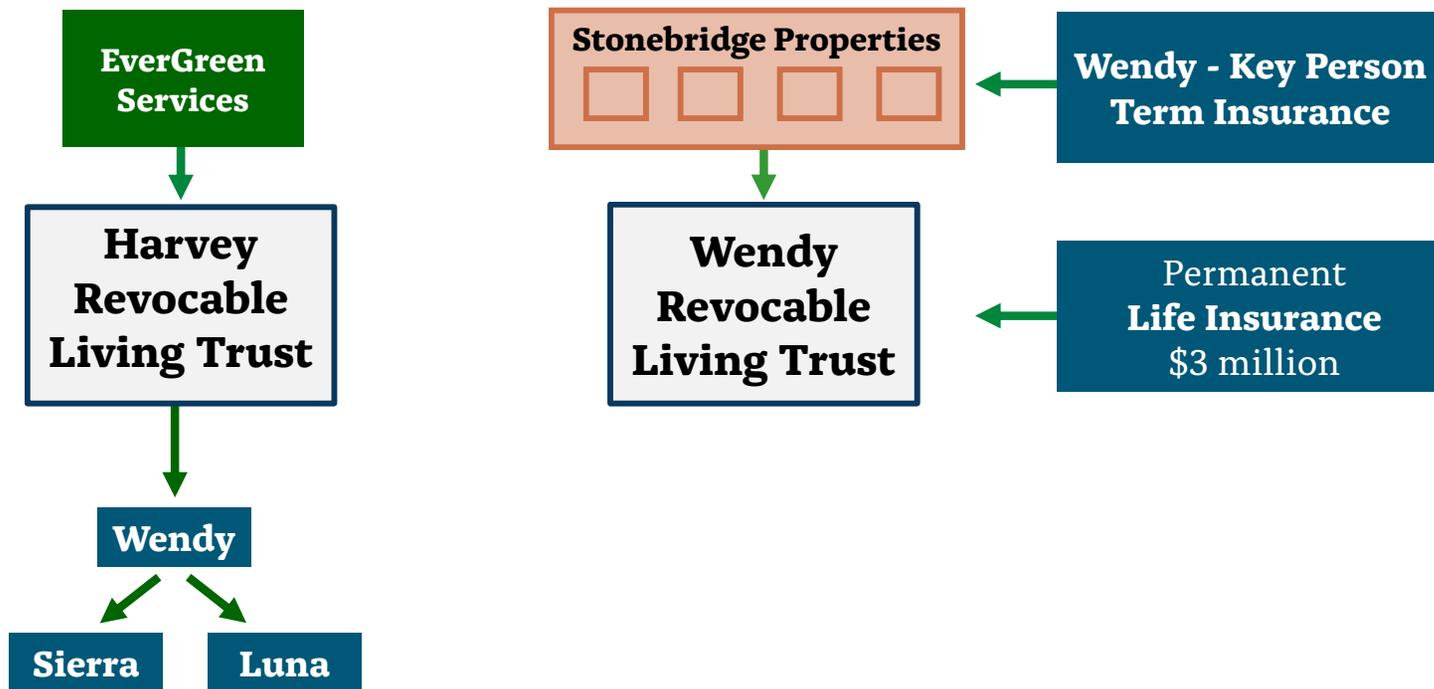
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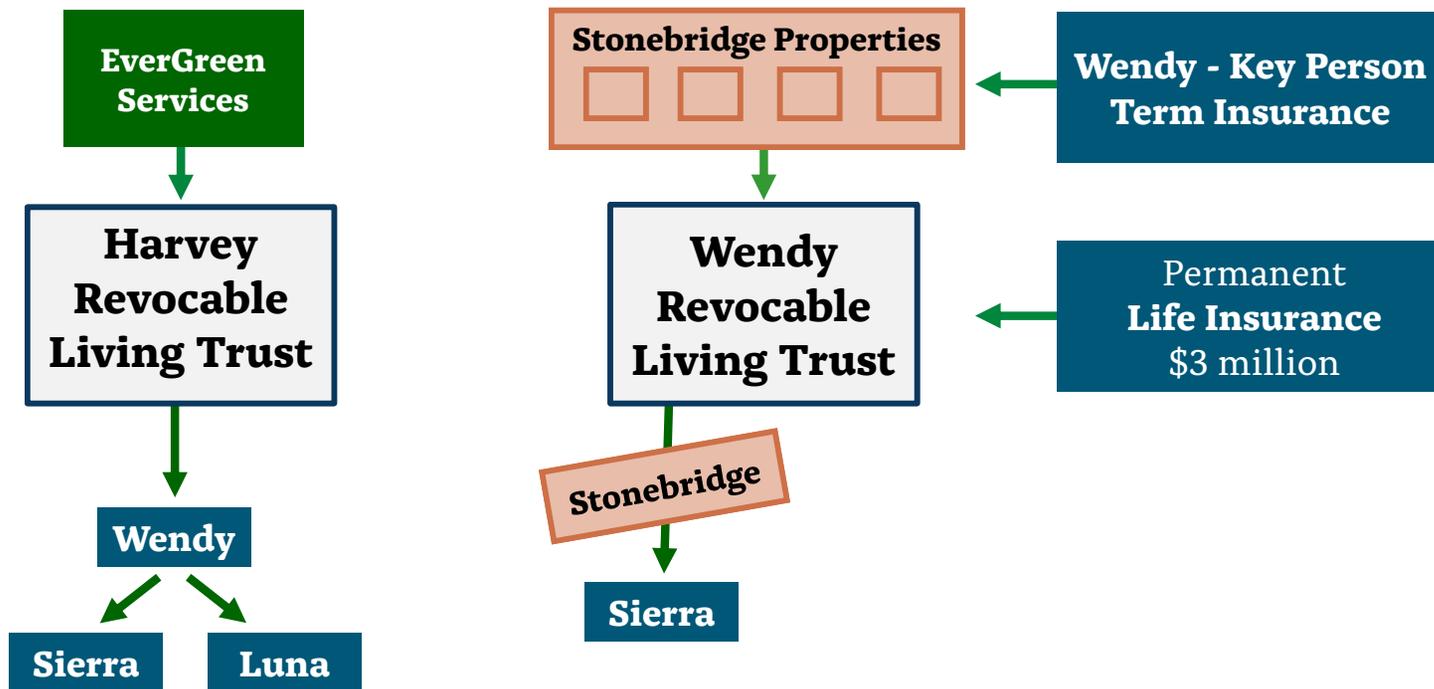
Planning ideas for the Greenstones



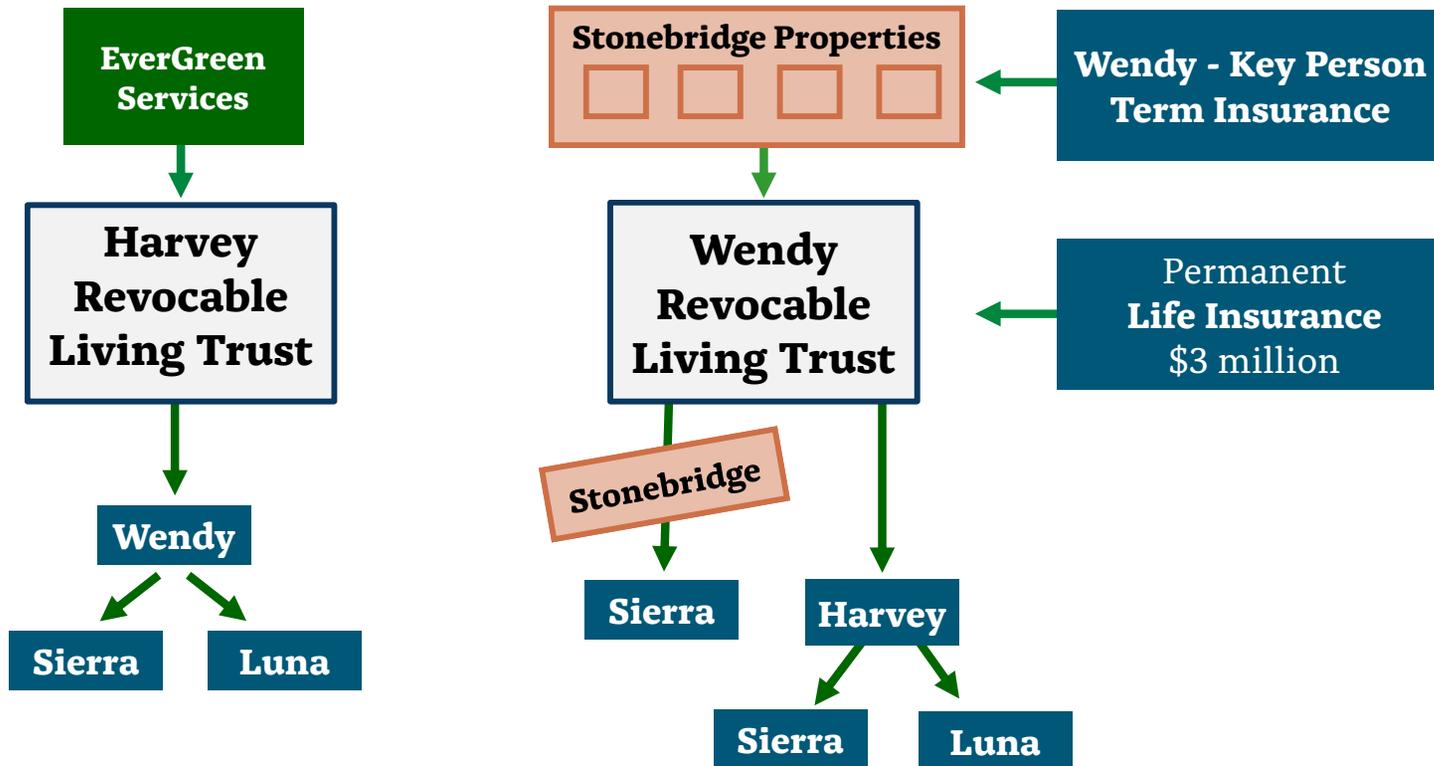
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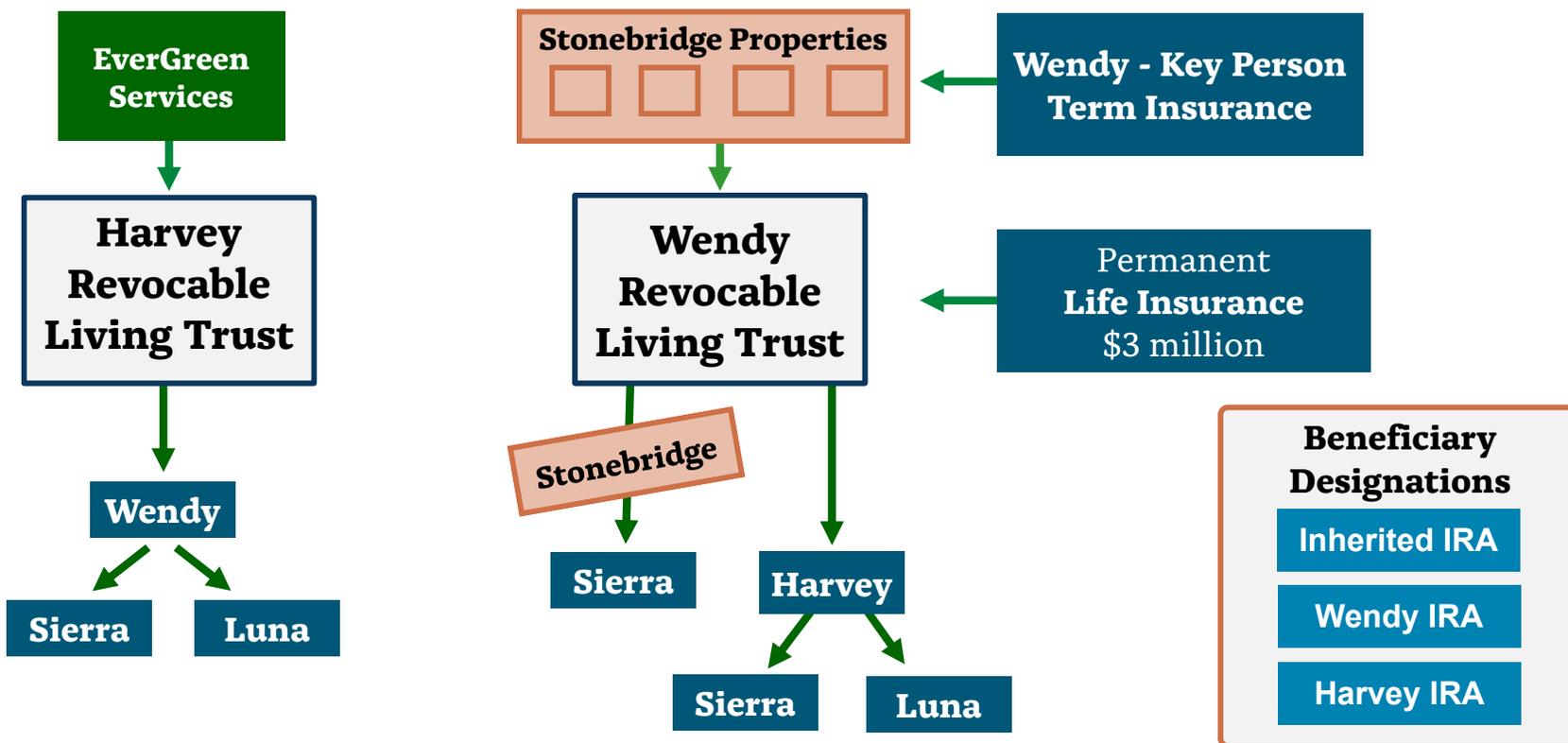
Planning ideas for the Greenstones



Planning ideas for the Greenstones



Planning ideas for the Greenstones





**THANK YOU FOR
ATTENDING!**

**PLEASE COMPLETE YOUR CE FORMS AND
RETURN THEM TO YOUR COURSE MONITOR**